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Prospects of Iran Closing the Persian Gulf
Talking Points for the DCI
14 September 1983

Summary

An Iranian attempt to close the Persian Gulf to shipping would most likely result from intensified Iraqi attempts to stop Iranian oil exports from the Gulf. Iraq's desperate financial situation and its imminent acquisition of five French-built Super Etendard fighters armed with Exocet antiship missiles make Iraqi attacks on tankers calling at Iran's Kharg Island a strong possibility.

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We believe, that Iran will carry out its threat to close the Strait of Hormuz only if Iraq substantially cuts Iranian oil exports for a prolonged period.

Iraqi Escalation

With its 3.2 million barrels per day Gulf terminals damaged and its 1.2 million bpd pipeline through Syria closed, Iraqi oil exports are limited to the 700,000 bpd pipeline across Turkey.

- o Iraq's current account deficit will reach an estimated \$15 billion this year.

Iraq reportedly believes that the threat of a cutoff of oil from the Gulf eventually will force great power intervention to end the war.

- o [redacted] some military advisors are recommending to President Hussein that he use the Super Etendard to attack oil tankers serving Iran's Kharg Island.
- o Iraq believes the great powers would demilitarize the Gulf and ensure the flow of exports from both Iraq and Iran. We estimate Iraq would be able to export 1 million bpd through the Gulf within 4-6 months after the Gulf was reopened.

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Iraq's Military Options

Initially, Iraq may not use the Super Etendards to hit tanker traffic.

- ° The Iraqis first might try to reopen their oil export terminals in the Gulf and send tankers down the Gulf "protected" by the threat of using the Etendards against Iranian oil shipping.

Nonetheless, we believe that if Iraq is unable to resolve its oil exports problem peacefully in the next few months, it will carry out its threat to attack Iranian oil exports.

- ° Such attacks could commence as early as mid-October.

Iranian Retaliatory Options

Initially Tehran might not respond by closing the Gulf or striking at the Gulf states.

- ° Iran has approximately \$13 billion in foreign exchange assets, sufficient to finance a year's worth of imports at current levels, and allow Iran to play the role of an aggrieved party for a time.

If Iraq's attacks substantially reduce the flow of oil from Kharg Island for several weeks, however, Iran probably would carry out its threats to take drastic retaliatory actions, such as:

- ° Cutting off the Iraqi oil pipeline through Turkey.
- ° Sinking merchant ships carrying Iraqi goods en route to Kuwait.
- ° Sinking oil tankers or striking the oil facilities of Iraq's Gulf allies.

Iran's most drastic retaliatory action would be to close the Strait of Hormuz. Tehran has threatened to take this step if its own exports of oil are seriously threatened.

- ° Iran's most likely method would be to mine or claim that it had mined the Strait.

- ° Iran has acquired at least 37 naval mines from North Korea. [] claims Iran has received at least 300 mines.

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Iran also could attempt to blockade the Straits.

- ° Although many of the weapons on Iran's warships are probably not operational, they would intimidate tankers.
- ° Iran has four major military airfields within range of the Strait and approximately 250 F-14, F-4, F-5 fighter aircraft in its inventory. We estimate only about one-third of these aircraft are operational.

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